

IN THE INCOME-TAX APPELLATE TRIBUNAL "C" BENCH,
MUMBAI

BEFORE SHRI NARENDRA KUMAR CHOUDHRY, JUDICIAL MEMBER
&
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA No.7136/MUM/2025

(A.Y. 2018-19)

&

ITA No.7326/MUM/2025

(A.Y. 2018-19)

Prachar Entertainment LLP 432, Laxmi Plaza, Laxmi Industrial Estate, Off New Link Road, Andheri(W), Mumbai – 400053, Mumbai, Maharashtra	v/s. बनाम	Commissioner of Income Tax, Appeal, CIT(A) 52, Mumbai, 632, Aaykar Bhavan, Maharishi Karve Road, Mumbai – 400 020, Maharashtra
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AARFP4501A		
Appellant/अपीलार्थी	..	Respondent/प्रतिवादी

Appellant by :	Shri Karna Thakur, AR
Respondent by :	Shri Virabhadra S. Mahajan, (Sr. DR)

Date of Hearing	20.01.2026
Date of Pronouncement	05.02.2026

आदेश / ORDER

PER PRABHASH SHANKAR [A.M.] :-

The above captioned appeals preferred by the assessee emanate from the order passed by the Learned Commissioner of Income-tax, Appeal, CIT(A) 52, Mumbai [hereinafter referred to as "CIT(A)"] pertaining to assessment order u/s. 143(3) of the Income-tax Act, 1961 [hereinafter referred to as "Act"] for the Assessment Year [A.Y.] 2018-19.



2. ITA No.7326/MUM/2025

At the outset, the Id.AR on query by the Bench has submitted that the appeal in ITA No.7326/Mum/2025 is duplicate one which may be dismissed as withdrawn. He requested the Bench to adjudicate ITA No.7136/Mum/2025 only. **Accordingly, the appeal in ITA No.7326 is dismissed as withdrawn.**

3.ITA No.7136/MUM/2025

In various grounds of appeal, the assessee has contested the addition of Rs 8.31 cr. u/s 68 of the Act which was upheld by the Id.CIT(A).It is claimed that the Id.CIT(A) erred in not admitting/considering additional evidence and also not considering that the assessee was prevented by sufficient cause during the assessment stage. It also denied liability to penalty u/s 271AAC and interest u/s 234A/B/C/234D.

4. It is noticed that the present appeal is delayed by 143 days. In this regard, an application for condonation alongwith an affidavit of Sri Shri Vinod Pradhan Bhanushali, Designated Partner has been submitted stating that in its case, consequent to search, jurisdiction stood transferred and centralised with the AO, a fresh assessment order for the same assessment year was passed by the AO under the post-search



framework. The assessee was under a bona fide and honest belief that the earlier assessment order 23.03.2021 did not require to be independently pursued. The said belief was neither casual nor reckless, but arose from the peculiar and confusing factual situation where multiple proceedings for the same year were ongoing, and the assessee was continuously engaged in complying with search-related and centralised assessment proceedings. It was only subsequently, upon receipt of the order passed by the Id.CIT (A) on Income tax portal, that it came to its knowledge that the original assessment order continued to subsist independently and required to be contested before ITAT. It is also submitted that the assessee did not have regular or substantial business operations and had negligible business activity for the last several years. It did not maintain full-time office establishment or dedicated administrative staff to continuously monitor portal communications or appellate timelines. Compliance matters were attended through external professionals on an as-and-when basis, which contributed to the inadvertent delay in appreciating the necessity of filing the present appeal. The delay occurred due to a bona fide belief arising from search-based centralisation and subsequent assessment, coupled with the assessee's limited administrative capacity and lack of regular business operations, and not due to any negligence, inaction, or



disregard of law. Refusal to condone the delay would cause grave and irreparable prejudice to it by denying it an opportunity of being heard on merits.

5. On careful consideration of the submissions of the assessee, we are of the considered opinion that the delay in filing of the present appeal was not intentional but due to unavoidable and sufficient cause. Such a bonafide mistake needs to be considered liberally. In this connection, reliance could be placed on the landmark decision of hon'ble Supreme Court which inter alia held in **Collector, Land Acquisition v Mst. Katiji And Others- 167 ITR 471 (SC)** that *“ordinarily, a litigant does not stand to benefit by lodging an appeal late.....Refusing to condone delay can result in a meritorious matter being thrown out at the very threshold and cause of justice being defeated....Any appeal or any application, other than an application under any of the provisions of Order XXI of the Code of Civil Procedure, 1908, may be admitted after the prescribed period if the appellant or the applicant satisfies the court that he had sufficient cause for not preferring the appeal or making the application within such period.... A litigant does not stand to benefit by resorting to delay. In fact, he runs serious risk.”* We therefore, condone the delay and proceed to adjudicate the grounds on merit.



6. Brief facts of the case are that the assessee is engaged in Media and Entertainment business. During the year, it had taken loans from two parties aggregating to Rs 8.31 cr. The AO treated the entire sum as Unexplained cash credit u/s 68 of the Act as the assessee did not prove the identity, credit worthiness of the lenders and the genuineness of transaction. The assessee filed appeal contesting the addition. However, the Id.CIT(A) dismissed the appeal on account of non prosecution as the assessee did not make any compliance to as many seven notices issued to it from time to time for hearing of the case, neither any written submission was filed. He took into consideration the 'Statement of Facts' submitted and the contents of the assessment order noting that even before the AO did not make proper compliance and failed to adduce any evidence to prove the loans taken during the year.

7. Before us, the Id.AR has requested for restoration of the appeal to the Id.CIT(A) for re-adjudication while the Id.DR has objected to the proposal stating that the assessee is habitual defaulter in this regard.

8. We have heard the rival parties and perused the material available on records. It is observed that the Id.CIT(A) dismissed the appeal mainly on the ground of non-prosecution. It is the fundamental duty of the assessee to diligently pursue the appeal and comply with the



notices and proceedings initiated by the Revenue authorities. The framework of the Act rely heavily on the co-operation and active participation of the taxpayer. Despite several notices issued under section 250 of the Act by the CIT(A), no explanation was submitted. Even the assessment order has been passed making the impugned addition as the assessee did not make proper compliance before the AO as well. The failure of the assessee to make any response before both the authorities below reflects gross negligence and indifference that is unacceptable. The principles of natural justice operate both ways. While the Revenue authorities are required to provide a reasonable opportunity of being heard, the taxpayer is equally obligated to co-operate with the authorities and utilize the opportunities extended. In the present case, despite receiving adequate opportunities, the assessee displayed a casual approach and indifference, which not only delayed the appellate proceedings but also burdened the judicial system. Such conduct cannot be condoned.

8.1 In light of the non-compliant attitude of the assessee, levy of cost needs to be evaluated in this case as cost serves as a necessary deterrent to ensure that taxpayers act with due diligence in pursuing their appeals and respecting the timelines and processes laid down



under the law. It also emphasizes the principle that while justice must be ensured, the system cannot cater to indolence or negligence on the part of the assessee.

8.2 As the ld. AR has requested before us that the assessee may be given one more opportunity, we are also of the opinion that the scales of justice demands that the matter should be verified and revisited at the level of ld. CIT(A) and accordingly, the matter should be remanded back to the file of ld. CIT(A) for *de novo* adjudication by him while applying the principles of natural justice after affording sufficient opportunity of being heard to the assessee. In any case of any further non compliance, the ld.CIT(A) would be at liberty to decide the appeal as deemed fit.

9. Considering assessee's non-compliant and non-co-operative attitude and lack of diligence in pursuing the appeal, we impose a cost of Rs.1,25,000/- on it. The cost shall be deposited in the Prime Minister's Relief Fund within 15 days of the receipt of this order and proof of payment shall be submitted before the ld.CIT(A).

10. In the result, the appeal in ITA No.7136/Mum/2025 is **allowed for statistical purposes subject to above stated cost** and appeal in ITA No.7326/Mum/2025 **stands dismissed.**



Order pronounced in the open court on 05/02/2026.

Sd/-

NARENDRA KUMAR CHOUDHRY

(न्यायिक सदस्य / JUDICIAL MEMBER)

Sd/-

PRABHASH SHANKAR

(लेखाकार सदस्य/ACCOUNTANT MEMBER)

Place: मुंबई/Mumbai

दिनांक /Date 05.02.2026

Lubhna Shaikh / Steno

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT, Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण/ ITAT, Bench,
Mumbai.

